

ELECTRONICALLY FILED

December 7, 2006

STUTMAN, TREISTER & GLATT, P.C.
 FRANK A. MEROLA
 (CA State Bar No. 136934)
 EVE H. KARASIK
 (CA State Bar No. 155356)
 CHRISTINE M. PAJAK
 (CA State Bar No. 217173), Members of
 1901 Avenue of the Stars, 12th Floor
 Los Angeles, California 90067
 Telephone: (310) 228-5600
 Facsimile: (310) 228-5788
 Email: fmerola@stutman.com
ekarasik@stutman.com
cpajak@stutman.com

SHEA & CARLYON, LTD.
 JAMES PATRICK SHEA
 (Nevada State Bar No. 000405)
 CANDACE C. CARLYON
 (Nevada State Bar No. 002666)
 SHLOMO S. SHERMAN
 (Nevada State Bar No. 009688)
 228 South Fourth Street, First Floor
 Las Vegas, Nevada 89101
 Telephone: (702) 471-7432
 Facsimile: (702) 471-7435
 Email: jshea@sheacarlyon.com
ccarlyon@sheacarlyon.com
ssherman@sheacarlyon.com

Counsel for the Official Committee Of
 Equity Security Holders Of USA Capital First Trust Deed Fund, LLC

**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re:	}	BK-S-06-10725-LBR
USA COMMERCIAL MORTGAGE COMPANY, Debtor.		Chapter 11
In re:	}	BK-S-06-10726-LBR
USA CAPITAL REALTY ADVISORS, LLC, Debtor.		Chapter 11
In re:	}	BK-S-06-10727-LBR
USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC, Debtor.		Chapter 11
In re:	}	BK-S-06-10728-LBR
USA CAPITAL FIRST TRUST DEED FUND, LLC, Debtor.		Chapter 11
In re:	}	BK-S-06-10729-LBR
USA SECURITIES, LLC, Debtor.		Chapter 11
Affects	}	
<input type="checkbox"/> All Debtors		
<input type="checkbox"/> USA Commercial Mortgage Co.		
<input type="checkbox"/> USA Securities, LLC		
<input type="checkbox"/> USA Capital Realty Advisors, LLC		
<input type="checkbox"/> USA Capital Diversified Trust Deed		
<input checked="" type="checkbox"/> USA First Trust Deed Fund, LLC		

**DECLARATION OF FRANK A. MEROLA AND SUPPLEMENTAL STATEMENT OF
 DISINTERESTEDNESS OF STUTMAN, TREISTER & GLATT, P.C. AS COUNSEL TO
 THE OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS OF USA CAPITAL
 FIRST TRUST DEED FUND, LLC PURSUANT TO RULE 2014(a) OF THE FEDERAL
 RULES OF BANKRUPTCY PROCEDURE
 (AFFECTS USA FIRST TRUST DEED FUND, LLC)**

1 Frank A. Merola, being duly sworn upon his oath, states and affirms as follows:

2 1. I am over eighteen years of age and have personal knowledge of the facts
3 set forth herein, and if called as a witness, would testify competently with respect thereto from
4 my own personal knowledge except as otherwise stated.

5 2. I am a member of Stutman, Treister & Glatt Professional Corporation
6 ("ST&G") which maintains offices at 1901 Avenue of the Stars, 12th Floor, Los Angeles,
7 California, 90067; Telephone No.: (310) 228-5600; Facsimile No. (310) 228-5788. I am an
8 attorney at law licensed to practice before the courts of the State of California, and the United
9 States District Court for the Southern, Central, and Northern Districts of California.

10 3. Pursuant to its "Order Authorizing Official Committee of Equity Security
11 Holders of USA Capital First Trust Deed Fund, LLC to Employ Stutman, Treister & Glatt, P.C.
12 as its Special Bankruptcy Counsel Effective May 10, 2006" entered on June 19, 2006 [docket no.
13 700], the Court approved the employment of ST&G as special bankruptcy counsel to the Official
14 Committee of Equity Security Holders of USA Capital First Trust Deed Fund, LLC (the "FTDF
15 Committee").

16 4. This declaration is a supplement to the "Declaration of Jeffrey H.
17 Davidson," which was annexed to ST&G's employment application [docket no. 280]. This
18 declaration is made in light of recent developments in the above-captioned cases (the "Chapter
19 11 Cases") that ST&G believes ought to be disclosed pursuant to Rule 2014(a) of the Federal
20 Rules of Bankruptcy Procedure. ST&G and I believe that the connection disclosed herein does
21 not create any conflict of interest for ST&G, or that the connection would in any way impede
22 ST&G in devoting its full and complete loyalty to the FTDF Committee and to the investors for
23 whom the FTDF Committee is a fiduciary.

24 5. With respect to ST&G's involvement with, or representation of, the FTDF
25 Committee in the Chapter 11 Cases, ST&G hereby discloses that:

26 a. ST&G has been advised that CapitalSource Finance LLC ("CapSource")
27 has conditionally agreed to provide financing to an entity that is likely to be a bidder at the
28 auction to be held on December 7, 2006 (the "Auction") in connection with the contemplated

1 sale of substantially all of the assets of USA Capital First Trust Deed Fund, LLC (the "FTDF")
2 and certain assets of USA Commercial Mortgage Company; and

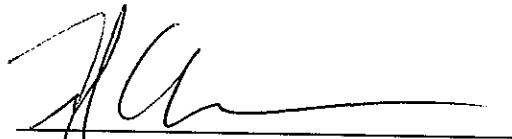
3 b. ST&G represents CapSource as a creditor in several matters, both in and
4 out of court, from time to time. Currently, ST&G represents CapSource in the Chapter 11 cases
5 of Era Aviation, Inc. and Era Aviation Investment Group, LLC, pending in the US Bankruptcy
6 Court for the District of Alaska, as well as in an unrelated out of court restructuring.

7 6. ST&G does not represent CapSource in connection with the Chapter 11
8 Cases. Moreover, none of the members of ST&G that perform services on behalf of the FTDF
9 Committee in the Chapter 11 Cases have any involvement in the matters in which ST&G is
10 representing CapSource.

11 7. I bring these connections to the attention of the Court and parties in
12 interest in the spirit of full disclosure. I continue to believe that ST&G's relationship with
13 CapSource will in no way impact any ST&G action, decision or thought process in rendering
14 services to the FTDF Committee.

15 I declare under penalty of perjury that the foregoing is true and correct to the best
16 of my knowledge, information and belief

17 *Los Angeles, N. Cal.*
18 Executed at ~~Los Angeles~~, California, this 7th day of December.

19 
20
21 Frank A. Merola